

STARTING A PRIVATE PRACTICE

Getting off to a winning start



Being prepared in advance for starting your private practice can give you a distinct advantage over doctors who leave things until later. **Ian Tongue** (left) shows what to consider



KNOW WHEN YOU HAVE TO PAY TAX

The most important thing to take in from your meeting with your accountant is to understand the system for taxation and how you plan for your liabilities. Most consultants engaging in private practice will only have experience of the Pay As You Earn (PAYE) scheme, which is designed to look after your tax liabilities.

Whichever trading structure you adopt, you will inevitably fall under self-assessment and will pay income tax and potentially further National Insurance contributions.

There can be a significant delay from earning the money to paying your first tax bill and, therefore, you must save from the start.

It is worth noting that the dates for payment under self-assessment are January and July each year and the former in particular will become somewhat of a 'date to hate'. However, planning and saving for your liabilities from the outset should ensure that there are no nasty surprises down the line.

The amount to save varies depending on your other earnings and level of expenditure incurred, together with the source of your income personally. The source is very important, as trading income is taxed at a different rate to dividends for those trading as company, and corporation tax will be payable elsewhere if you trade as a limited company.

Ask your accountant how much they think you should be saving, having considered your circumstances, and keep them informed as income levels rise and tax legislation changes.

■ See Accountant's Clinic, page 10

mence your private practice to consider the best option for you.

It may be that you commence with one trading structure with a view to changing later on – for example, from a sole trader to a limited company. For the majority of doctors, their trading structure can be changed without too much disruption later on.

While not exhaustive, the subjects covered here provide you with some key areas to consider when starting out in private practice.

The more time that can be invested before commencement will inevitably provide you with an advantage over those that muddle through and should ensure that you are best placed to get off to a winning start.

■ Next month: Planning for the financial year ahead

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KNOWING WHAT you are getting into well in advance allows you to understand, plan and hit things running when the time comes. The following are some key areas that you will need to consider when starting out.

Understanding your market

This is a key aspect for any business and it vital for those starting out in private work, as – depending on specialty and location – you could be either very busy early on or find that your practice grows slowly.

Knowing what to expect allows you to manage your expectations and ensure that your work-life balance is considered from the outset.

With the economic climate facing the UK in recent years, competition is inevitably fiercer for work and therefore it is vital that steps are taken to obtain a piece of the action.

Do your homework and consider working in geographical areas where there are less competitors and consider working at multiple locations.

Becoming visible

Your private practice will really struggle if you do not make yourself both visible and available.

You will need to establish your-

self with GPs and other referring groups. Private hospitals often help with promotional material when granting admitting rights to new consultants, so make sure you discuss things with their marketing team.

A great way of reinforcing the initial contact is through seminars and meetings with referrers and perhaps local patient groups.

With today's digital age, most people's reaction when trying to obtain further information about a surgeon or physician is to search the internet.

Having a quality, well maintained website is pretty much essential, particularly in cosmetic specialties. Patients do their homework, so make sure they can find out key information that gives them confidence and looks professional.

Understand the business

It is easy to lose sight of the fact that you are running a business. If your private practice grows quickly, you will struggle to revisit certain aspects later on due to time constraints, so it is best to get systems in place from the outset.

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Do not be tempted to take on too much of the day-to-day administration yourself, as this time could be better spent earning money or promoting the business.

A secretary's costs will be tax-deductible, but, depending on the amount you pay them and the nature of the relationship, you may need to formally employ them by running a PAYE scheme.

This is an area that you should discuss further with your accountant, as often secretaries are self-employed and the additional responsibilities of you being an employer need to be understood.

Beyond the core services a secretary will provide, you will need a system of recording income and expenditure, collecting and chasing debts and investigating issues with insurers.

When choosing a secretary, consider the services they can offer

carefully, as it may be worth paying a premium for someone who can provide a more complete package.

Electronic accounting records – from simple spreadsheets or perhaps one of the bespoke accounting packages on the market – can be of significant benefit.

While the bespoke packages can represent a significant investment, often this can be recovered quickly through increased efficiency and less drain on your time. Again, these costs are tax-deductible and therefore the real cost is lower.

Consider trading structure

There is no 'one size fits all' approach to trading structure and therefore your individual circumstances need to be considered carefully. In recent years, there has been a move to more consultants trading as a limited company or partnership with their spouse, which can be more tax-efficient than being a sole trader.

Your accountant should be able to provide you with a balanced view of the relative pros and cons of each structure and an accountant with medical experience will, no doubt, be able to discuss more specific practicalities that medics will face.

Make an appointment with an accountant well before you com-

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